FOR RELEASE
FRIDAY, MAY 10, 1963

Barnat Mines

Ltd. PERSONAL LIABILITY)

MAY 1 0 1968

ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1962



ASSOCIATE LITTLE LONG LAC GOLD MINES LIMITED





REPORT OF THE DIRECTORS

To the Shareholders:

The year 1962 was one of record accomplishment for Barnat and your Directors are pleased to present the Annual Report and Financial Statements together with the Auditors' Report thereon, and the Report of the General Manager.

Your Company completed its programme of production output expansion during the period under review. A total of 626,878 tons of ore were treated for a new high average of 1,717 tons per calendar day, yielding an Operating Revenue of \$2,895,206. Due to the low operating cost of \$3.44 per ton, the Operating Profit before depreciation was \$739,319 compared to \$438,781 in 1961. The mine operating staff are to be commended for the excellent performance attained.

With efforts being concentrated on output expansion, a relatively small amount of new exploration and development work was carried out in 1962. However, sufficient additions of new ore, both Porphyry and Diorite, were located in various places throughout the mine to maintain ore reserves at a satisfactory level. Now that the operation has been established on a large tonnage, low grade, good profit basis, the next long range objective is a planned search for major additions to the ore reserves. With this in mind, the services of Dr. J. E. Gill were retained as geological consultant. Plans for the year 1963 include:—

- (a) A long exploratory drive on 1,425 foot level to the East Malartic Mines Limited boundary some 3,500 feet east of the main Barnat shaft.
- (b) A programme of surface diamond drilling involving a minimum of 6,000 feet.
- (c) Additional exploration undertakings to be carried out following the completion of extensive geological studies now in an advanced stage of preparation.

With regard to WASAMAC MINES LIMITED, in which your Company holds the dominant interest, serious consideration has been given to re-opening the mine. However, a final decision must await clarification of problems now facing the gold mining industry in Canada — including incentives by governmental action and more settled labour conditions. When a decision has been reached, shareholders will be promptly advised. As previously reported, ore reserves at the Wasamac mine are as follows:—

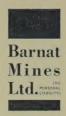
	Tonnage	Grade Oz./ton	Value at \$35.00/oz.	Average Hor. Width
Positive Ore	1,067,000	0.159	\$5.56	
Probable Ore	1,303,000	0.151	5.28	
Total	2,370,000	0.154	5.39	30 ft.

The Directors wish to express their appreciation to Mr. T. V. Nethery, General Manager, the Staff and all Employees for their loyal and efficient services during the year.

Respectfully submitted,

On behalf of the Board,

ROBERT C. STANLEY, Jr., President.



Norrie, Quebec, March 1st, 1963.

The President and Board of Directors, Barnat Mines Ltd., Suite 602 - 199 Bay Street, Toronto, Ontario.

Dear Sirs:

I submit herewith a report on the operations of your Company for the year ended December 31st, 1962.

PRODUCTION:

A total of 626,878 tons was milled during the year or an average of 1,717.5 tons per day. This total included 383,387 tons shipped to the Malartic Gold Fields mill, and 243,491 treated at the Barnat plant.

During the initial quarter of the year, the mine produced an average of 1,915 tons per day. However, following a revision of overall planning this was reduced to about 1,700 tons. The latter proved to be the more efficient operating point with improved operating costs as a result of a drastic reduction in man hours worked.

The mine operating profit amounted to \$739,319. as compared with \$438,781. in the previous year. Unit operating costs were \$3.44 per ton in 1962 as against \$3.95 per ton in 1961. A "Production Record" table with additional comparative figures is incorporated in this report.

DEVELOPMENT:

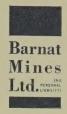
Level development by drifting and crosscutting amounted to 2,221 feet as compared with 2,863 feet in 1961. Schedule for 1963 provides for an appreciable increase over the past year due to the necessity of driving to unexplored areas toward the East Malartic and Canadian Malartic Mines.

Stope development in the porphyry orebody was heavy in 1961. However, it was possible to cut back in sub-level drifting and crosscutting from 6,885 feet to 2,551 feet in 1962 and raising dropped from 4,841 to 2,052 feet. Blast hole drilling footage showed little change with 295,880 feet completed as against 289,227 in the previous year.

Diamond drilling showed a decrease from 46,777 feet in 1961 to 31,599 in 1962. To keep pace with exploration and development there will be a corresponding increase in drilling during 1963.

ORE RESERVES:

At December 31st, 1962, ore reserves were estimated at 1,812,353 tons having an average grade of 0.117 ounces per ton or \$4.10 at \$35.00 gold.



The above reserve includes 236,478 tons of Diorite ore grading 0.293 ounces per ton or \$10.25 at \$35.00 gold. It is interesting to note that, in the past five years, sufficient amounts of this important type of ore have been found each year to replace the amounts of such ore removed.

EXPLORATION:

Exploration of the upper levels of the mine on the eastward extension of the porphyry zone was successful in tracing two small diorite orebodies between the 525 and 350 foot levels.

Further drilling from the exploration drift on 1,575-foot level located three additional small diorite ore lenses. Two of these, lying to the northwest of the No. 3 Zone, show greater than normal continuity and will require further exploration from the 1,725-foot level.

At the year end, preparation was under way to explore the east end of the property, beyond the eastern limits of the No. 3 Zone, by extending the 1,425-foot level 2,300 feet to the east.

GENERAL:

The total amount paid out by the Company in 1962 for wages and salaries, including Workmen's Compensation, Unemployment Insurance and other employee benefits amounted to \$869,413. Disbursements for operating supplies and power consumed, including expenditures for capital equipment was \$545,581.

Capital expenditures in 1962 amounted to \$32,900 which included mainly the Service section addition to Mill building and a jaw crusher as a replacement. Only very minor capital expenses are anticipated for the coming year. The present mill building and equipment are in excellent condition and operating in a very efficient manner as evidenced by the handling of 667 tons per day for the full year.

The splendid effort by the supervisors and all employees have resulted in an outstanding safety record for 1962. Only two compensable accidents, of a minor nature, were recorded in the entire year as compared with six compensables in 1961 and eleven in 1960. The frequency rate or number of compensable accidents per million man shifts was 4.5 while included in a group of 35 Quebec mines with an overall frequency of 8.0.

In closing, I wish to express my appreciation of the efficient services rendered by Department Heads, Supervisory Staff, and all Employees, and my thanks to the Directors and Officers of the Company for their cooperation and helpful support.

Respectfully submitted,



Incorporated under the laws of the Province of Quebec

BALANCE SHEET -

ASSETS

			1961 for Comparison
Current Assets			
Cash	\$ 27,937		\$ 168,428
Trust company short term certificates			
Bullion at net realizable value			198,034
Bonds at costAccounts receivable	1,125		106,4 7 5 1,940
Receivable from an associated company	1,123		5,442
Amount receivable under the Emergency Gold Mining			5,112
Assistance Act	39,934		169,686
Prepaid expenses	26,673		67,615
		\$1,382,582	717,620
Supplies at average cost		53,972	53,549
Interest in Associated Companies			
Shares at less than cost (quoted market value			
1962 \$430,000; 1961 \$467,000)	433,245		468,245
Advances	14,330		
		447,575	468,245
INTEREST IN PARTLY OWNED SUBSIDIARY COMPANY (note 1)			
Shares at cost	37,500		37,500
Advances	4,014		3,133
			10.600
		41,514	40,633
FIXED ASSETS			
Mining properties at cost less sales proceeds	340,251		342,245
Building, machinery and equipment at cost \$2,507,562	0.12,222		2,588,984
Less accumulated depreciation1,858,131	649,431		(1,860,819)
		989,682	1,070,410
Deferred Charges			
Operating expenditures deferred		6,470	9,031
		\$2,921,795	\$2,359,488

AUDITORS' REPORT 7

We have examined the balance sheet of Barnat Mines Ltd. (No Personal Liabi year then ended and have obtained all the information and explanations we have requests of accounting records and other supporting evidence as we considered necessary

In our opinion, and according to the best of our information and the explanation and statements of income and retained earnings are properly drawn up so as to exhil 1962 and the results of its operations for the year then ended, in accordance with generyear.

Toronto, Canada February 20, 1963

DECEMBER 31, 1962

LIABILITIES

Current Liabilities			1961 for Comparison
Accounts payable and accrued liabilities Mortgage principal payable within one year Payable to associated companies Payable to East Malartic Mines Limited — parent company Quebec mining tax	\$ 100,787 		\$ 109,121 5,817 44,978 84,369 15,584
		\$ 210,237	259,869
SHAREHOLDERS' EQUITY			
Capital stock Authorized — 5,000,000 shares of \$1 each Issued — 3,900,000 shares Less discount on shares	3,900,000 3,197,510		3,900,000 3,197,510
Retained earnings	702,490 2,009,068		702,490 1,397,129
		2,711,558	2,099,619

NOTES:

- Consolidated financial statements have not been prepared since the subsidiary company, Macwin
 Mines Limited, is engaged solely in exploration and its accounts show neither profit nor loss
 from incorporation to December 31, 1962; all its expenditures have been deferred to future
 operations.
- 2. No income taxes are payable on 1962 income as the company intends to claim for income tax purposes depreciation recorded in the accounts in prior years but not then claimed. The tax otherwise payable would have been approximately \$172,000.

Approved on behalf of the Board:

R. C. STANLEY, JR., Director.

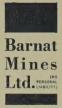
J. GEORGE BOECKH, Director.

\$2,921,795 \$2,359,488

THE SHAREHOLDERS

as at December 31, 1962 and the statements of income and retained earnings for the . Our examination included a general review of the accounting procedures and such me circumstances.

ven to us and as shown by the books of the company, the accompanying balance sheet true and correct view of the state of the affairs of the company as at December 31, accepted accounting principles applied on a basis consistent with that of the preceding



Statement of Income

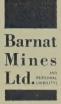
For the year ended December 31, 1962

			1961 for
Operating Revenue			Comparison
Bullion recovery Assistance under the Emergency Gold Mining Assistance Act		\$2,743,025 152,181	\$2,533,622
		2,895,206	2,843,055
OPERATING EXPENSES			
Mine development			203,401
Mining	923,658		1,084,521
MillingOre haulage	625,225 125,046		591,381 119,591
Marketing expenses	18,919		19,683
Mine office and supervision	85,811		104,874
General expenses at the property	189,847		211,262
Administrative and corporate expensesQuebec mining tax	56,021 27,479		54,561 15,000
Quebec mining tax	21,419	2 1 7 7 2 2 7	
		2,155,887	2,404,274
OPERATING PROFIT before providing for undernoted items		739,319	438,781
Other Deductions			
Depreciation	111,000		107,000
Outside exploration	_		4,596
Interest on debenture notes and mortgage			12,640
		111,000	124,236
		628,319	314,545
OTHER INCOME			
Income from investments	12,697		11,727
Profit on sale of securities	5,923		1,717
		18,620	13,444
NET INCOME for the year (note 2)		\$ 646,939	\$ 327,989

Statement of Retained Earnings

For the year ended December 31, 1962

		for Comparison
Balance January 1	\$1,397,129	
Add net income for the year	646,939	327,989
	2,044,068	1,497,129
Deduct additional appropriation for decline in value of shares in other companies	35,000	100,000
Balance December 31	\$2,009,068	\$1,397,129



Statement of Source and Application of Funds For the year ended December 31, 1962

Source		1961 for Comparison
Net income for the year	\$ 646,939	\$ 327,989
Add back depreciation and other non-cash items	,	165,001
	757,939	492,990
Sale of fixed assets	651	4,671
Other items, net	4,132	(8,832)
	\$ 762,722	\$ 488,829
Application		
Purchase of fixed assets	32,917	72,363
Investment in associated and subsidiary companies	15,211	157,171
Increase in working capital	714,594	259,295
	\$ 762,722	\$ 488,829
Working Capital (current assets less current liabilities)		
At December 31, 1962	\$1,172,345	
At January 1, 1962	457,751	
Increase during the year	\$ 714,594	

Production Record

	4	\$ 561,801 - \$ 561,801 \$35.00 \$.782	688,765 \$ 54,940 743,705 36.45 .782 \$ 844,019	902,120 181,025 1,083,145 37.90 .805 885,918	1,007,241 211,121 1,218,362 36.78 .940 960,682	1,391,540 235,388 1,626,928 34.19 .836 1,087,592	2,082,805 204,069 2,286,874 34.43 .838 1,229,406	1,865,879 292,594 2,158,473 34.05 .829 1,285,153	1,924,364 88,463 2,012,827 34.55 .882 1,353,689	1,511,053 320,576 1,831,629 34.41 .893 1,439,057	1,365,440 333,474 1,698,914 33.59 .873 1,507,547	1,471,361 429,600 1,900,961 33.95 .863 1,659,899	1,286,193 343,087 1,629,280 33.56 .883 1,825,364	2,254,924 343,928 2,598,852 34.05 .892 2,263,185	2,533,622 309,433 2,843,055 35.51 .949 2,404,274	
	Actual Mint Returns	\$ 561,801	688,765	902,120	1,007,241	1,391,540	2,082,805	1,865,879	1,924,364	1,511,053	1,365,440	1,471,361	1,286,193	2,254,924	2,533,622	2 743 025
Ore Ore Milled Milled	Man Ton at Go Shift \$35.00 Prodi	4.7 \$ 3.13 15,8	4.7 3.38 18,6	4.4 4.22 23,6	3.8 5.24 27,2	3.6 7.08 50,5	3.6 10.06 60,3	3.6 8.94 54,7	3.4 8.31 55,5	3.2 7.68 43,8	2.9 7.88 40,5	3.4 7.32 43,2	3.1 6.26 38,2	6.4 5.44 66,0	9.5 4.32 71,1	112 120 720
Tons	Tons Per Milled Day	204,170 559	217,304 596	214,610 588	194,543 534	205,497 563	213,928 586	216,443 593	212,832 583	203,756 558	186,850 512	215,840 591	224,472 615	445,585 1,217	608,063 1,666	474 070 1717
	Year	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1062

* Change over Sladen to Barnat as at August 1st, 1948.

L-Loss.

Barnat Mines Ltd. MARKETTY

OFFICERS

ROBERT C. STANLEY, JR. - - - - President

J. GEORGE BOECKH - - - - Vice-President

JOHN C. L. ALLEN - - Executive Vice-President

MISS B. A. ARGO - - - - - Secretary

A. J. SYMONS - - - - - - Comptroller

DIRECTORS

JOHN C. L. ALLEN

S. J. BIRD

J. GEORGE BOECKH

P. K. HANLEY

ROBERT C. STANLEY, JR.

TRANSFER AGENTS

CHARTERED TRUST COMPANY
Toronto, Ontario and Montreal, Que.

AUDITORS

GUNN, ROBERTS AND Co. Toronto, Ont.

EXECUTIVE OFFICE

602 - 199 Bay Street, Toronto, Ont.